

BEFORE THE DIVISION OF INSURANCE

STATE OF COLORADO

FINAL AGENCY ORDER O-08-014

**IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF STEWART TITLE
GUARANTY COMPANY,**

Respondent

THIS MATTER comes before the Colorado Commissioner of Insurance (the "Commissioner") as a result of a market conduct examination conducted by the Colorado Division of Insurance (the "Division") of Stewart Title Guaranty Company (the "Respondent"), pursuant to §§ 10-1-201 to 207, C.R.S. The Commissioner has considered and reviewed the market conduct examination report dated May 25, 2007 (the "Report"), relevant examiner work papers, all written submissions and rebuttals, and the recommendations of staff. The Commissioner finds and orders as follows:

FINDINGS OF FACT

1. At all relevant times, the Respondent was a corporation licensed by the Division to conduct the business of title insurance.
2. In accordance with §§ 10-1-201 to 207, C.R.S., on May 25, 2007, the Division completed a market conduct examination of the Respondent. The period of examination was July 1, 2003 to June 30, 2006.
3. In scheduling the market conduct examination and in determining its nature and scope, the Commissioner considered such matters as complaint analyses, underwriting and claims practices, pricing, product solicitation, policy form compliance, market share analyses, and other criteria as set forth in the most recent available edition of the examiners' handbook adopted by the National Association of Insurance Commissioners, as required by § 10-1-203(1), C.R.S.
4. In conducting the examination, the examiners observed those guidelines and procedures set forth in the most recent available edition of the examiners' handbook adopted by the National Association of Insurance Commissioners and the Colorado insurance examiners' handbook. The Commissioner also employed other guidelines and procedures that she deemed appropriate, pursuant to § 10-1-204(1), C.R.S.

5. The market conduct examiners prepared the Report. The Report is comprised of only the facts appearing upon the books, records, or other documents of the Respondent, its agents or other persons examined concerning Respondent's affairs. The Report contains the conclusions and recommendations that the examiners find reasonably warranted based upon the facts.
6. Respondent delivered to the Division written submissions and rebuttals to the Report.
7. The Commissioner has fully considered and reviewed the Report, any and all of Respondent's submissions and rebuttals, and all relevant portions of the examiners' work papers.

CONCLUSIONS OF LAW AND ORDER

8. Unless expressly modified in this Final Agency Order (the "Order"), the Commissioner adopts the facts, conclusions and recommendations contained in the Report. A copy of the Report is attached to the Order and is incorporated by reference.
9. Issue A concerns the following violation: Creating and operating affiliated business arrangements for the purpose of obtaining remuneration in violation of Colorado and federal insurance laws. The Respondent shall provide evidence that it has revised its structure and procedures concerning obtaining remuneration through affiliated business arrangements for referral of title insurance business to ensure compliance with Colorado insurance law.
10. Pursuant to § 10-1-205(3)(d), C.R.S., Respondent shall pay a civil penalty to the Division in the amount of fifty thousand and 00/100 dollars (\$50,000.00) for the cited violation of Colorado law. This fine was calculated in accordance with Division guidelines for assessing penalties and fines, including Division Bulletin No. B-1.3, originally issued on January 1, 1998, re-issued May 8, 2007.
11. Pursuant to § 10-1-205(4)(a), C.R.S., within sixty (60) days of the date of this Order, the Respondent shall file affidavits with the Division executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.
12. Unless otherwise specified in this Order, all requirements with this Order shall be completed within thirty (30) days of the date of this Order. Respondent shall submit written evidence of compliance with all requirements to the Division within the thirty (30) day time frame, except where Respondent has already complied, as specifically noted in the Order. Copies of any rate and form filings shall be provided to the rate and forms section with evidence of the filings sent to the market conduct section. All self audits, if any, shall be performed in accordance

with the Division's document, 'Guidelines for Self Audits Performed by Companies' presented at the market conduct examination exit meeting. Unless otherwise specified in this Order, all self audit reports must be received within ninety (90) days of the Order, including a summary of the findings and all monetary payments to covered persons.

13. This Order shall not prevent the Division from commencing future agency action relating to conduct of the Respondent not specifically addressed in the Report, not resolved according to the terms and conditions in this Order, or occurring before or after the examination period. Failure by the Respondent to comply with the terms of this Order may result in additional actions, penalties and sanctions as provided for by law.
14. Copies of the examination report, the Respondent's response, and this final Order will be made available to the public no earlier than thirty (30) days after the date of this Order, subject to the requirements of § 10-1-205, C.R.S.

WHEREFORE: It is hereby ordered that the findings and conclusions contained in the Report dated May 25, 2007, are hereby adopted and filed and made an official record of this office, and the above Order is hereby approved this 24th day of September, 2007.



Marcy Morrison
Commissioner of Insurance

CERTIFICATE OF CERTIFIED MAILING

I hereby certify that on the 24th day of September, 2007, I caused to be deposited the **FINAL AGENCY ORDER No. O-08-014 IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF STEWART TITLE GUARANTY COMPANY**, in the United States mail via certified mailing with proper postage affixed and addressed to:

Mr. Malcom S. Morris, President
Stewart Title Guaranty Company
1980 Post Oak Blvd.
Houston, TX 77056

Mr. John Kezer, Esq.
Jones & Keller, P.C.
1625 Broadway, 16th Floor
Denver, CO 80202

(Jeffory A. Olson)
Market Regulation Section
Division of Insurance

September 24, 2007

VIA CERTIFIED MAIL #7000 1670 0010 8165 7335

Mr. Malcom S. Morris, President
Stewart Title Guaranty Company
1980 Post Oak Blvd.
Houston, TX 77056

Mr. John Kezer, Esq.
Jones & Keller, P.C.
1625 Broadway, 16th Floor
Denver, CO 80202

Re: Market Conduct Examination Report and Final Agency Order
Stewart Title Guaranty Company

Dear Mr.:

Enclosed please find a copy of Final Agency Order No. **O-08-014** as signed by the Commissioner, together with a copy of the revised Market Conduct Examination Report. The Division of Insurance appreciates the cooperation of the Company during the conduct of the examination.

The Commissioner has ordered a fine in the amount of **\$50,000.00** for the overall resolution of the examination. We have enclosed an invoice for the payment of the fine, which is due on or before October 24, 2007.

Additionally, please note the specific deadlines for requirements stated in the Order. Specifically, the Order requires:

- October 24, 2007: A complete response within thirty (30) days of the date of this letter, including documentation of compliance with all requirements of the Order.
- November 23, 2007: Affidavits from Board Members must be submitted within sixty (60) days of the date of this letter. For your convenience, we have enclosed an example of such affidavit.

All items above should be returned to Jeffory A. Olson, Chief Examiner, Market Regulation Section.

Sincerely,

(Jeffory A. Olson)
Market Regulation Section

AFFIDAVIT

Affidavit of: _____
(Director)

STATE: _____

COUNTY: _____

_____, Affiant, of lawful age and
(Director's name)
being duly sworn upon oath states as follows:

1. I hereby certify that I am a member of the Board of Directors of **STEWART TITLE GUARANTY COMPANY**.
2. I hereby certify that I received and reviewed a copy of the Market Conduct Examination report dated May 25, 2007.
3. I hereby certify that I received and reviewed a copy of the Final Agency Order **O-08-014**.

(Director's signature)

Subscribed and sworn to this _____ day of _____ 2007, and known to me to be a director **STEWART TITLE GUARANTY COMPANY**.

Witness My Hand and Official Seal

(Notary)

SEAL

My Commission expires: _____.